

8260
RECORDATION NO. Filed & Recorded
APR 1 1976 4 10 PM
INTERSTATE COMMERCE COMMISSION

CONDITIONAL SALE AGREEMENT

DATED AS OF APRIL 1, 1976

BETWEEN

GENERAL ELECTRIC COMPANY

AND

CONSOLIDATED RAIL CORPORATION

66 GE LOCOMOTIVES

TABLE OF CONTENTS

| <u>Article</u> | <u>Heading</u> | <u>Page</u> |
|----------------|--|-------------|
| 1. | SALE | 1 |
| 2. | DELIVERY | 2 |
| 3. | PURCHASE PRICE AND PAYMENT | 2 |
| 4. | TAXES | 3 |
| 5. | SECURITY INTEREST IN THE EQUIPMENT | 3 |
| 6. | MARKING OF THE EQUIPMENT | 4 |
| 7. | CASUALTY OCCURRENCES AND OTHER PREPAYMENT | 4 |
| 8. | MAINTENANCE; COMPLIANCE WITH LAWS AND RULES | 5 |
| 9. | REPORTS AND INSPECTION RIGHTS | 6 |
| 10. | USE AND POSSESSION | 7 |
| 11. | PROHIBITION AGAINST LIENS | 7 |
| 12. | PATENT INDEMNITIES | 7 |
| 13. | ASSIGNMENTS | 8 |
| 14. | DEFAULTS | 9 |
| 15. | REMEDIES | 10 |
| 16. | APPLICABLE STATE LAWS | 14 |
| 17. | RECORDING | 14 |
| 18. | NOTICE | 14 |
| 19. | ARTICLE HEADINGS: EFFECT AND MODIFICATION OF AGREEMENT | 15 |
| 20. | LAW GOVERNING | 15 |
| 21. | DEFINITIONS | 15 |
| 22. | EXECUTION | 16 |

ATTACHMENT

SCHEDULE A - DESCRIPTION OF EQUIPMENT

CONDITIONAL SALE AGREEMENT

CONDITIONAL SALE AGREEMENT dated as of April 1, 1976, but effective only if and when conveyance day under the Regional Rail Reorganization Act of 1973, as amended (hereinafter called the RRRA) shall have become final (the "Effective Date"), between GENERAL ELECTRIC COMPANY, a New York Corporation (hereinafter called the Vendor), and CONSOLIDATED RAIL CORPORATION, a corporation organized under the RRRA and the laws of the State of Delaware (hereinafter called the Railroad).

WHEREAS the Vendor is presently leasing the railroad equipment described in Schedule A hereto (hereinafter called the Equipment) pursuant to a Lease of Railroad Equipment dated as of the 24th of March, 1960 (hereinafter called the Lease) between the Vendor and The Pennsylvania Railroad Company which Lease was subsequently assumed on August 19, 1970 by the Trustees of the property of PENN CENTRAL TRANSPORTATION COMPANY, Debtor pursuant to an Order of the United States District Court for the Eastern District of Pennsylvania in the Matter of Penn Central Transportation Company, Debtor, in Proceedings for the Reorganization of a Railroad;

WHEREAS it is contemplated that the Lease will be cancelled between Vendor and Penn Central Transportation Company as of the Effective Date;

WHEREAS the Vendor has agreed to sell and deliver to the Railroad, and the Railroad has agreed to purchase the Equipment;

NOW, THEREFORE in consideration of the premises and the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. Sale. Pursuant to this Agreement, the Vendor agrees to terminate the Lease as of the Effective Date of this Agreement; and the Railroad assumes no obligations under said Lease. The Vendor agrees to sell and deliver to the Railroad and the Railroad will purchase from the Vendor and accept delivery of and pay for (as hereinafter provided), the Equipment on the Effective Date pursuant to (i) delivery of each unit in accordance with the terms of Article 2 below and (ii) delivery of a bill of sale warranting that good and marketable legal title is thereby conveyed, free and clear and all liens, claims and encumbrances, except for the security interest (hereinafter sometimes referred to as "security title") of Vendor retained herein. Each unit of the Equipment is being sold as is, without warranties of merchantability or fitness.

ARTICLE 2. Delivery. Each unit of the Equipment wherever located on Penn Central Transportation Company track on the Effective Date will be considered to have been delivered to and accepted by the Railroad. Thereafter, the Railroad will assume the responsibility and risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of such unit; provided, however, that Railroad may refuse to purchase or revoke acceptance of any locomotives which may be missing or have been damaged beyond economical repair as of the Effective Date, in which case such locomotives shall be excepted from the sale and the total purchase price shall be reduced accordingly on a pro-rata basis.

ARTICLE 3. Purchase Price and Payment. The price to be paid to the Vendor for all the Equipment shall be a total of \$7,277,000.00 less the total amount of any regular or extended lease payments which shall have accrued during the rental period from April 1, 1976 regardless of whether or not they actually have been received by the Vendor as of the Effective Date. The Railroad shall receive credit against the purchase price for the regular or extended lease payments that accrue each day up to the Effective Date regardless of the fact that any periodic payment may not become due and payable until the Effective Date or thereafter. The "Purchase Price" as used herein shall mean the total price as so decreased.

The Railroad hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay in cash to the Vendor at such place as the Vendor may designate, the Purchase Price of the equipment as follows:

The Purchase Price for the equipment shall be payable over a period of five (5) years, which period shall commence to run on the Effective Date. Payments shall be made in twenty equal quarterly payments. The first payment shall be due and payable three months after the Effective Date and the remaining 19 payments shall be due and payable serially at the end of each three month period thereafter (or if any such date is not a business day, on the next succeeding business day). Except as set forth in paragraph (a) below, no interest shall accrue or be payable on the principal amount, which shall be the full and complete purchase price, as aforesaid. However, the parties recognize that the Railroad may treat a portion of the purchase price as unstated interest for tax purposes as provided in section 483 of the Internal Revenue Code.

(a) The Railroad will pay, to the extent legally enforceable, interest at the then current prime rate changed by First National City Bank of New York, or its successor, but not in excess of 8% per annum on all amount remaining unpaid after the same shall have become due and payable pursuant to the terms hereof, anything herein to the contrary notwithstanding.

(b) All payments provided for in this Agreement shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

ARTICLE 4. Taxes. The Railroad agrees to pay and discharge all taxes, levies, imposts, duties, charges or withholdings of any nature which are required by applicable law to be paid by the Railroad in connection with the purchase, use and possession of the Equipment hereunder, except that (i) the parties agree that this transaction is exempt from all sales, use or transfer tax because the transaction is governed by Pennsylvania law and because Section 204(36) of the Pennsylvania sales tax law provides that the sales/use tax shall not be imposed on the sale at retail or use of rail transportation equipment used in the movement of personalty, and (ii) Railroad shall not pay any Federal, state or local taxes on, or measured by, the net income of the Vendor, and (iii) Railroad shall not pay any taxes which accrue during or arise out of the ownership of the Equipment by Vendor or lease of the Equipment by Penn Central Transportation Company prior to the Effective Date hereof; provided, however, that the Railroad shall not be required to pay or discharge any tax, levy, impost, duty, charge or withholding so long as it shall, in good faith and by appropriate administrative or legal proceedings, contest the validity thereof in any reasonable manner which will not effect or endanger the security title and interest of the Vendor to the Equipment. The Vendor shall keep the Railroad informed of any claim made against the Vendor for the payment of any tax, levy, impost, duty, charge or withholding. The obligations of the Railroad contained in this Article 4 shall continue in full force and effect, notwithstanding the full payment of the indebtedness in respect of the Purchase Price of, and the conveyance of title to, the Equipment, as provided in Article 5 hereof, or the termination of this Agreement in any manner whatsoever.

ARTICLE 5. Security Interest in the Equipment. The Railroad hereby grants to Vendor a security interest in and to all the Equipment to secure full and prompt payment of the Purchase Price, such security interest to continue until the Purchase Price has been paid in full. The Vendor shall and hereby does retain security title to the Equipment until the Railroad shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Railroad as provided in this Agreement. Any and all additions to the Equipment and any and all replacements of parts of the Equipment and additions thereto shall constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement, subject, however, to the provisions of Article 8 hereof.

Except as otherwise specifically provided in Article 7 hereof, when and only when the full indebtedness in respect of the Purchase Price of the Equipment, together with all other payments as herein provided, shall have been paid, and all the Railroad's obligations herein contained shall have been performed by the Railroad, security title to the Equipment shall pass to and vest in the Railroad without further transfer or action on the part of the Vendor.

ARTICLE 6. Marking of the Equipment. The Railroad will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Schedule A hereto, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stenciled upon each side of each unit, in letters not less than one inch in height, the words "General Electric Company has a security interest in this Equipment under a Conditional Sale Agreement filed under the Interstate Commerce Act, Section 20c" or other appropriate markings approved by the Vendor, with appropriate changes thereof and additions thereto as from time to time may reasonably be requested by the Vendor to protect the Vendor's security title to and property in the Equipment and its rights under this Agreement. The Railroad will not permit any such unit to remain in operation more than 90 days after the Effective Date unless such markings have been made thereon and will replace promptly any such markings which may be removed, defaced or destroyed. The Railroad will not change the number of any unit of the Equipment except in accordance with a statement of the new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor by the Railroad and filed, recorded and deposited by the Railroad in all public offices where this Agreement shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Railroad will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Railroad may cause the Equipment to be lettered with the names or initials or other insignia of the Railroad or its affiliates.

ARTICLE 7. Casualty Occurrences and Other Prepayment. In the event that after the Effective Date hereof, any unit of the Equipment shall be or become lost, stolen, destroyed, or, in the opinion of the Railroad, irreparably damaged, or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise (any such occurrence, except for any requisition which does not exceed the final installment payment date of the Purchase Price in respect of such unit, being hereinafter called a Casualty Occurrence) prior to

the payment of the full Purchase Price, together with all other payments required hereby, the Railroad shall, promptly after it shall have determined that such unit has suffered a Casualty Occurrence, cause the Vendor to be fully informed in writing in regard thereto and on the next succeeding quarterly payment date under Article 3 hereof, shall pay to the Vendor a sum equal to the Casualty Value (as hereinafter defined) of such unit or units of Equipment as of the date of such payment. At the time of each payment of Casualty Value hereunder, the Railroad shall file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of the units covered thereby. Any money paid to the Vendor pursuant to this paragraph shall be applied to prepay the Purchase Price and the Railroad will promptly furnish to the Vendor a revised schedule of payments thereafter to be made, in such number of counterparts as the Vendor may request, calculated as provided in the fourth paragraph of Article 3 hereof, so that the amount payable on each remaining quarterly payment date shall be substantially equal and the remaining payments will completely amortize the Purchase Price.

Upon payment by the Railroad to the Vendor of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence, Vendor's security title in such unit shall pass to and vest in the Railroad, without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Railroad, will execute and deliver to the Railroad, at the expense of the Railroad, an appropriate instrument confirming such passage to the Railroad of all the Vendor's right, security title and interest in such unit, in recordable form, in order that the Railroad may make clear upon the public records that Vendor's security interest in such unit has been terminated.

The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original Purchase Price thereof remaining unpaid on the date as of which such Casualty Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article 7 with respect to any other unit). Each payment of the Purchase Price in respect of Equipment made pursuant to Article 3 hereof shall be deemed to be a payment on each unit of the Equipment in the amount of the balance of Purchase Price outstanding for all remaining units of Equipment divided by the number of units of Equipment remaining at the time of such payment.

ARTICLE 8. Maintenance Compliance with Laws and Rules. The Railroad shall use or cause the use of the Equipment only in the United States and Canada. The Railroad shall use the Equipment only in the manner for which it was designed and intended. The Railroad

shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, and in accordance with standards generally prevailing in the railroad industry, including making all replacements required to maintain the Equipment in good running order. The Railroad agrees to comply in all material respects with all applicable governmental laws, regulations, requirements and rules (including the rules of the Department of Transportation) with respect to the use, maintenance and operation of each unit of Equipment. In case any equipment or appliance on any such unit of Equipment shall be required to be changed or replaced or in case any additional or other equipment or appliance is required to be installed on such unit of Equipment in order to comply with such laws, regulations, requirements and rules, the Railroad agrees to make such changes, additions, and replacements, at its own cost. Any parts installed or replacements made by the Railroad upon any unit of Equipment (except radio equipment or devices having a similar use which have been added to any such unit of Equipment by the Railroad, the cost of which is not included in the Purchase Price of such unit) shall be considered accessions to such unit of Equipment and security title thereto shall be immediately vested in the Vendor as provided in Article 5 hereof, without cost or expense to the Vendor, provided that the Railroad shall be entitled to remove any such accession so long as such removal is not inconsistent with the Railroad's obligations set forth in the preceding sentences of this Article 8.

ARTICLE 9. Reports and Inspection Rights. On or before the anniversary of the Effective Date each year, commencing with the year 1977, the Railroad shall furnish to the Vendor an accurate statement, as of the preceding December 31, (a) showing the amount, description and numbers of the units of Equipment covered hereby, the amount, description and numbers of all units of Equipment that may have suffered a Casualty Occurrence during the preceding calendar year, (or, in the case of the first such statement, for the portion thereof commencing with the date of this Agreement), and such other information regarding the condition or repair of the Equipment as the Vendor may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Article 6 hereof shall have been preserved or replaced. The Vendor shall have the right, at its sole cost and expense, by its authorized representative, to inspect the Equipment and the Railroad's records with respect thereto, at such times as shall be reasonably necessary to confirm to the Vendor the existence and proper maintenance thereof during the continuance of this Agreement. The foregoing right of inspection shall be subject, however, to such terms and conditions of access as may be reasonably imposed by

any railroad, terminal company or other entity upon the property on which the Equipment is situated at the time of any such inspection. Vendor agrees to indemnify and hold harmless the Railroad, its affiliates, directors, officers, agents, employees, servants and contractors from and against any claim, cause of action, damages, liability, cost or expense (including counsel fees and costs in connection therewith) which may be incurred in any manner (whether arising from personal injury, property damage or otherwise) which is in any way, directly or indirectly, attributable to the exercise of such right of inspection.

ARTICLE 10. Use and Possession. So long as the Railroad shall not be in default hereunder, the Railroad shall be entitled to the possession and use of the Equipment (by itself or by others on its behalf) in accordance with the terms hereof.

ARTICLE 11. Prohibition Against Liens. The Railroad will pay or discharge any and all sums claimed by any party from, through or under the Railroad or its successors or assigns which, if unpaid, might constitute or become a lien, charge or security interest on the Equipment, or any unit thereof, equal or superior to the Vendor's security interest or security title thereto, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate administrative or legal proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of liens, charges, or security interests upon the Equipment shall be secured by and under this Agreement.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

ARTICLE 12. Patent Indemnities. The Vendor shall defend any suit or proceeding brought against the Railroad, any assignee of the Railroad and/or any assignee of the Vendor's rights under this agreement so far as the same is based on a claim that the Equipment, or any part thereof, furnished under the Agreement constitutes an infringement of any patent, if notified promptly in writing and given authority, information and assistance (at Vendor's expense) for the defense of same, and the Vendor shall pay all damages and costs awarded therein against the Railroad any assignee of the Railroad and/or any such assignee of the Vendor.

ARTICLE 13. Assignments. The Railroad will not sell, assign, transfer or otherwise dispose of its rights under this Agreement or, except as provided in Article 10 hereof, transfer the right to possession of any unit of the Equipment without first obtaining the written consent of the Vendor; provided, however, that a sale, assignment, transfer or disposition of the Equipment to a railroad company organized under the laws of United States of America or any of the states thereof which shall acquire all or substantially all of the property of the Railroad, and which, by execution of an appropriate instrument satisfactory to the Vendor, shall assume and agree to perform each of and all the obligations and covenants of the Railroad under this Agreement, shall not constitute a breach hereof.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Railroad, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve the Vendor from, any of the obligations of the Vendor to deliver the Equipment in accordance with this Agreement or to respond to its agreements contained or referred to in Article 13 hereof, or relieve the Railroad of any of its obligations to the Vendor under Articles 1, 2, 3, 4, 12 and 13 hereof or of any other obligation which, according to its terms and context, is intended to survive an assignment.

Upon any such assignment either the assignor or the assignee shall give written notice to the Railroad, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall by virtue of such assignment acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Railroad of the notification of any such assignment, all payments thereafter to be made by the Railroad under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

In the event of any such assignment or successive assignments by the Vendor, the Railroad will, if necessary, upon request of the assignee, change the markings on each side of each unit of the Equipment so as to be consistent with the interests of the assignee in the Equipment. The cost of such markings in the event of an assignment of not less than all the Equipment at the time covered by this Agreement shall be borne by the Railroad and, in the event of an assignment of less than all such Equipment, such cost shall be borne by such assignee.

ARTICLE 14. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Railroad shall fail to pay in full any indebtedness in respect of the Purchase Price of the Equipment or any other sum payable by the Railroad as provided in this Agreement within 15 days after payment thereof shall be due hereunder; or

(b) the Railroad shall, for more than 30 days after the Vendor shall have demanded in writing performance thereof, fail or refuse to comply with any covenant, agreement, term or provision of this Agreement, or of any agreement entered into concurrently herewith relating to the financing of the Equipment, on its part to be kept or performed or to make provision satisfactory to the Vendor for such compliance; or

(c) a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against the Railroad and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Railroad under this Agreement shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 60 days after such appointment, if any, or 120 days after such petition shall have been filed, whichever shall be earlier; provided however, that proceedings under the RRRA shall not constitute such a default; or

(d) any other proceeding shall be commenced by or against the Railroad for any relief under any bankruptcy or insolvency law, or law relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the indebtedness payable hereunder), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Railroad under this Agreement shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Railroad or for its property

in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such appointment, if any, or 120 days after such proceedings shall have been commenced, whichever shall be earlier; provided however, that proceedings under the RRRA shall not constitute such a default; or

(e) the Railroad shall make or permit any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Railroad and upon compliance with any mandatory legal requirements then in force and applicable to such action by the Vendor, declare (hereinafter called a Declaration of Default) the entire indebtedness in respect of the Purchase Price of the Equipment immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness shall bear interest from the date of such Declaration of Default at the overdue rate of interest (as specified in Article 3A hereof), to the extent legally enforceable. The Vendor shall thereupon be entitled to recover judgment for the entire unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment so payable, with interest as aforesaid, and to collect such judgment out of the Equipment or any property of the Railroad wherever situated. The Railroad shall promptly notify the Vendor of any event which has come to its attention which constitutes, or which with the giving of notice and/or lapse of time could constitute, an event of default under this Agreement.

The Vendor may at its election waive any such event of default and its consequences and rescind and annul any Declaration of Default by notice to the Railroad in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default had been made. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Railroad that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 15. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, subject to compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken by its agent or agents immediate possession of the Equipment, or such number of units thereof as the Vendor is able by reasonable

efforts to obtain possession of, without liability to return to the Railroad any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 15 expressly provided, and may remove the same from possession and use of the Railroad or any other person and for such purpose may enter upon the Railroad's premises or any other premises where the Equipment may be located and may use and employ in connection with such removal any necessary supplies, services and aids and any available trackage and other facilities or means of the Railroad all of which shall be reasonably limited as to amount.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall reasonably designate a point or points upon railroad tracks as to which the Railroad then has a contractual right of access, the Railroad shall, at its own expense, forthwith and in the usual manner, cause the Equipment to be moved to such point or points upon such railroad tracks as shall be designated by the Vendor and shall there make available the Equipment or cause it to be made available to the Vendor. At the option of the Vendor, the Vendor may for a period not exceeding 90 days keep the Equipment on any of the premises of the Railroad or upon railroad tracks as to which the Railroad then has a contractual right of access until the Vendor shall have leased, sold or otherwise disposed of the same, and for such purpose the Railroad agrees to furnish, without charge for rent or storage, the necessary facilities at any point or points selected by the Vendor reasonably convenient to the Railroad. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree against the Railroad requiring specific performance hereof. The Railroad hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 15 provided) may, at its election and upon such notice as is hereinafter set forth, retain the Equipment in satisfaction of the entire indebtedness in respect of the Purchase Price of the Equipment and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Railroad by telegram or registered mail, addressed as provided in Article 18 hereof, and to any other persons to whom the law may

require notice, within 30 days after such Declaration of Default. In the event that the Vendor should elect to retain the Equipment and no objection is made thereto within the 30-day period described in the second proviso below, all the Railroad's rights in the Equipment shall thereupon terminate and all payments made by the Railroad may be retained by the Vendor as compensation for the use of the Equipment by the Railroad; provided, however, that if the Railroad, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad; provided, further, that if the Railroad or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall have given no notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 15.

At any time during the continuance of a Declaration of Default, the Vendor, after retaking possession thereof, at its election and upon reasonable notice to the Railroad and to any other persons to whom the law may require notice of the time and place, may sell the Equipment (in the possession of Vendor) free from any and all claims of the Railroad or any other party claiming from, through or under the Railroad at law or in equity at public or private sale and with or without advertisement as the Vendor may determine, provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Railroad should tender full payment of the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Railroad. The proceeds of such sale, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at such place and at such time or times as the Vendor may specify, in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine; provided, however, that the Vendor must sell not less than all of the Equipment, except those units of which, by all reasonable efforts, it has been unable to obtain possession. The Railroad shall be given written notice of such sale not less than ten days prior thereto, by telegram or registered mail addressed to the Railroad as provided in Article 18 hereof. If such sale shall be a private sale, it shall be subject to the right of the Railroad to purchase or provide a purchaser, within ten days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. The Vendor or the Railroad may bid for and become the purchaser of the Equipment (in the possession of Vendor) so offered for sale. In the event that the Vendor shall be the purchaser thereof, it shall not be accountable to the Railroad (except to the extent of surplus money received as hereinafter provided in this Article 15), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all sums due to the Vendor from the Railroad hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Railroad shall not otherwise alter or affect the Vendor's rights or the Railroad's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Railroad's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Railroad shall pay the amount of such deficiency to the Vendor upon demand, and, if the Railroad shall fail to pay such deficiency, the Vendor may bring suit therefor and shall be entitled to recover a judgment therefor against the Railroad. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Railroad.

The Railroad will pay all reasonable expenses, including attorney's fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including attorneys' fees, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Article 15 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 16. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by applicable federal law) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Railroad to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

ARTICLE 17. Recording. The Railroad will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act; and the Railroad will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its security title to the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement.

ARTICLE 18. Notice. Any notice hereunder to any party designated below shall be deemed to be properly served if delivered to it at its address below:

(a) To the Railroad, at 6 Penn Central Plaza
Philadelphia, Pa. 19104
Attn: V. P. Finance

(b) to the Vendor at Locomotive Department, 2901 East Lake Road, Erie, Pennsylvania 16531, Attn: Manager - Sales Accounting.

(c) to any assignee of the Vendor or of the Railroad, at such address as may have been furnished in writing to the Railroad or the Vendor, as the case may be, by such assignee.

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE 19. Article Headings: Effect and Modification of Agreement. The table of contents and all article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

This Agreement, including the Schedule hereto exclusively states the rights of the Vendor and the Railroad with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment, except that for the letter agreement between the parties dated March 11, 1976, (the "Letter Agreement") pursuant to which this Conditional Sale Agreement has been signed. The Letter Agreement survives the execution and delivery hereof and governs, to the extent that this Conditional Sale Agreement may be silent or ambiguous on any terms or conditions. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers or representatives of the Vendor and the Railroad.

ARTICLE 20. Laws Governing. The Railroad warrants that its chief place of business and its chief executive office are located in the State of Pennsylvania. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Pennsylvania, provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof, as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 21. Definitions. The term "Vendor", whenever used in this Agreement, means, before any assignment of any of its rights hereunder, General Electric Company and any successor or successors for the time being to its manufacturing properties and business, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto to the extent provided herein.

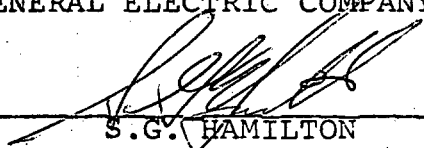
ARTICLE 22. Execution. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by their respective officers or representatives thereunto duly authorized, and their respective corporate seals to be hereunto affixed and duly attested.

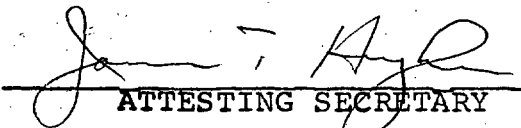
[CORPORATE SEAL]

GENERAL ELECTRIC COMPANY

By


S.G. HAMILTON
GENERAL MANAGER
LOCOMOTIVE DEPARTMENT

Attest:


ATTESTING SECRETARY

[CORPORATE SEAL]

CONSOLIDATED RAIL CORPORATION

By


PRESIDENT

Attest:


SECRETARY

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF ERIE S.S.:

On this 29th day of March, 1976, before me personally appeared S.G. Hamilton, to me personally known, who, being by me duly sworn, says that he is the General Manager - Locomotive Department of GENERAL ELECTRIC COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[NOTARIAL SEAL]

My Commission Expires:

Margaret M. Frew
Notary Public

MARGARET M. FREW, Notary Public
Erie, Erie Co., Pa.
My Commission Expires June 7, 1976

COMMONWEALTH OF PENNSYLVANIA
CITY AND COUNTY OF PHILADELPHIA S.S.:

On this day of , 1976, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is President of CONSOLIDATED RAIL CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[NOTARIAL SEAL]

My Commission Expires:

Notary Public

SCHEDULE A

| <u>Quantity</u> | <u>Type</u> | <u>G.E. Specification</u> | <u>Manufacturer's Serial Number</u> | <u>Railroad's Road Number</u> |
|-----------------|---|-------------------------------|---|-----------------------------------|
| 66 | 4400-hp & 5000-hp C-C 390/390 - 6 - GE-752 - 11-kv 25 cycle rec- tifier-type locomotives. | 2206B dated 2/16/60 | 33946-34011 inclusive | 4400-4465 inclusive |

DISTRICT OF COLUMBIA, SS:

On this 1st day of April, 1976, before me, a Notary Public authorized to take acknowledgments and proofs in the District of Columbia, personally appeared R. D. Spence to me personally known, who being by me duly sworn, says that he is the President of Consolidated Rail Corporation, that the seal affixed to the foregoing Conditional Sale Agreement is the corporate seal of said corporation, that said Conditional Sale Agreement was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing Conditional Sale Agreement was the free act and deed of said corporation.

Chen L. Hall
Notary Public

[NOTARIAL SEAL]

My Commission Expires: 2-14-81